

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6529

BILL NUMBER: SB 278

NOTE PREPARED: Jan 1, 2012

BILL AMENDED:

SUBJECT: Voiding of Certain Medicaid Rules.

FIRST AUTHOR: Sen. Simpson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill eliminates emergency rulemaking for the Office of the Secretary of Family and Social Services (FSSA) and the Office of Medicaid Policy and Planning (OMPP) concerning: (1) federal Medicaid waiver program provisions; and (2) federal programs administered by the FSSA.

The bill voids a final rule and emergency rules concerning the following: (1) A 5% reduction in Medicaid reimbursement for chiropractic and podiatric services. (2) A 5% reduction of Medicaid reimbursement for speech therapists, audiologists, optometrists, opticians, independent laboratory providers, independent radiology providers, and freestanding renal dialysis clinics. (3) A reduction in the Medicaid dispensing fee from \$4.90 to \$3.00.

Effective Date: Upon passage.

Explanation of State Expenditures: This bill would cost approximately \$6.3 M in FY 2012, and \$25.3 M in FY 2013 in state General Funds by voiding emergency rules promulgated to realize savings within the Medicaid program. The estimated savings are associated with the reduction of expenditures for certain Medicaid services. Specific program changes that were implemented in the rules and the estimated annual savings that would be voided by the bill are shown in the table below.

Program Change	Estimated Annual Savings
Dental - 5% Rate Reduction	\$ 8.0 M
Chiropractic - 5% Rate Reduction	0.2 M
Podiatry - 5% Rate Reduction	0.1 M
Dispensing Fee - Reduced to \$3.00 From \$4.90	14.8 M
Freestanding Lab and Radiology - 5% Rate Reduction	1.0 M
Speech and Hearing Therapy - 5% Rate Reduction	0.1 M
Vision - 5% Rate Reduction	0.5 M
Freestanding Dialysis - 5% Rate Reduction	0.6 M
Total	\$ 25.3 M

The bill would void emergency rules taking effect June 27, 2011, or July 1, 2011, and expiring June 30, 2013, that reduce Medicaid reimbursement to certain providers. If the bill is effective for the last quarter of FY 2012, about one-quarter of the estimated savings, or \$6.3 M, would be eliminated for FY 2012. The rules to be voided provide that the reduced reimbursement rates will return to their FY 2011 levels on the expiration of the rules June 30, 2013.

Medicaid is jointly funded by the state and federal governments. The effective state share of program expenditures is approximately 33% for most services. Medicaid medical services are matched by the effective federal match rate (FMAP) in Indiana at approximately 67%. Administrative expenditures with certain exceptions are matched at the federal rate of 50%.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: OMPP, FSSA.

Local Agencies Affected:

Information Sources: FSSA, September 14, 2011, Minutes of the Select Joint Commission on Medicaid Oversight.

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